

Message Text

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ACTION EUR-12

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FM AMEMBASSY STOCKHOLM
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AMEMBASSY RYEKJAVIK
AMEMBASSY BERN
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SUBJECT: EFTA MEETING STOCKHOLM, FEBRUARY 14-15

REF: STOCKHOLM 0645

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1. THE EFTA CONSULTATION COMMITTEE HELD WHAT WAS DESCRIBED
AS A SPECIAL MEETING IN STOCKHOLM, FEBRUARY 14-15. EFTA
GOVERNMENTS, THE EUROPEAN TRADE UNION CONFEDERATION (ETUC),
THE UNION DES INDUSTRIES DE LA COMMUNUNTE EUROPEENNE --THE
INDUSTRY FEDERATION OF THE EUROPEAN COMMUNITY (UNICE), THE
SWEDISH INDUSTRIES FEDERATION, AND THE SWEDISH TRADE
UNION FEDERATION (LO) ATTENDED.

2. THE REASON FOR THE GATHERING WAS TO DISCUSS "THE ECONOMIC SITUATION AND FUTURE DEVELOPMENTS IN THE EFTA AREA AND WESTERN EUROPE AS A WHOLE," ACCORDING TO THE COMMUNIQUE (TEXT BEING REPEATED SEPARATELY), AND DOCUMENTATION BORE THE TITLE "EFTA CONFERENCE ON EMPLOYMENT, BALANCED ECONOMIC GROWTH AND FINANCIAL AND MONETARY STABILITY." ACCORDING TO PRESS OBSERVERS, TRADE UNIONS ALSO HOPED THAT THE CONFERENCE WOULD PROVIDE A FORUM TO PUT PRESSURE ON THEIR GOVERNMENTS TO ENGAGE IN MORE EXPANSIVE FISCAL POLICIES. A CONFLICT BETWEEN TRADE UNION AND EMPLOYER VIEWPOINTS EMERGED.

3. ONE OF THE PRINCIPAL PARTICIPANTS WAS HEINZ VETTER, PRESIDENT OF ETUC WHO EMPHASIZED THE THEME OF UNEMPLOYMENT. WESTERN EUROPE HAS SEVEN MILLION UNEMPLOYED, HE SAID, IN HIS PREPARED STATEMENT, OF WHICH ONE MILLION WERE IN EFTA MEMBER STATES. THE RESTORATION OF FULL EMPLOYMENT SHOULD BE GIVEN "ABSOLUTE PRIORITY" BY GOVERNMENTS, HE URGED.

4. SWEDISH MINISTER OF ECONOMY GOSTA BOHMAN DESCRIBING THE SWEDISH ECONOMIC SITUATION AND ITS CURRENT DIFFICULTIES--ATTRIBUTABLE, HE SAID, TO EXCESSIVE LABOR COST INCREASES IN 1975-76--STATED THAT REAL UNEMPLOYMENT WAS PROBABLY 4.5 PERCENT RATHER THAN THE MUCH LOWER FIGURE OF LESS THAN TWO PERCENT. RESTRAINT IN SWEDEN'S CURRENT LABOR NEGOTIATIONS COULD BRING THE UNCLASSIFIED

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ECONOMY "ON TRACK" AGAIN. GUNNAR NILSSON, HEAD OF THE ILO, DENIED THE THRUST OF BOHMAN'S REMARKS.

5. EMPLOYERS REPRESENTED BY UNICE PLACED THEIR PRIORITIES ON PRICE STABILITY AS WELL AS A "HIGH LEVEL OF EMPLOYMENT," AND CAUTIONED THAT PROFITS IN REAL TERMS MUST IMPROVE BEFORE INVESTMENT OUTLAYS WILL REVIVE. UNICE SPOKE AS WELL AGAINST PRICE CONTROLS, COSTLY MANPOWER REQUIREMENTS, EXCESSIVE GOVERNMENT SPENDING AND SCHEMES TO REDUCE THE WORKING WEEK. IT WARNED AGAINST PROTECTIONIST MEASURES AND EXPRESSED SOME HOPE FOR THE FREER TRADE BENEFITS EXPECTED FROM THE 16-NATION TRADING AREA WHICH WILL COME INTO EFFECT NEXT JULY, RESULTING FROM THE EFTA-EEC AGREEMENT.

6. THE DIFFERENT VIEWPOINTS, TOUCHED ON BRIEFLY ABOVE, COULD NOT BE RECONCILED, OF COURSE. THE SWEDISH PRESS REPORTED THAT THE FINAL COMMUNIQUE WAS SO BLAND BECAUSE, IN PART, THE SWISS GOVERNMENT REPRESENTATIVES WOULD NOT

PLACE THE THEME OF FULL EMPLOYMENT AHEAD OF THAT OF INFLATION. A SWEDISH TRADE UNION REPRESENTATIVE, LENNART BODSTROM, SPEAKING ON BEHALF OF ALL THE TRADE UNIONISTS PRESENT, ENDORSED THE COMMUNIQUE RELUCTANTLY AND WITH THE RESERVATION THAT THE UNIONS COULD NOT ACCEPT LANGUAGE IN THE COMMUNIQUE WHICH "LINKED ACTIVE LABOR MARKET POLICY AND UNFAVORABLE ECONOMIC DEVELOPMENT." THIS WAS AN APPARENT REFERENCE TO PARA 3(A) OF THE COMMUNIQUE: "THE MEETING NOTED THAT FROM 1974 TO 1976 MOST EFTA COUNTRIES HAD MANAGED TO KEEP UNEMPLOYMENT FAIRLY LOW, COMPARED WITH THE REST OF THE OECD AREA. IN SOME COUNTRIES, HOWEVER, THIS HAD RESULTED IN CONSIDERABLE DEFICITS IN CURRENT BALANCES OF PAYMENTS, LARGE CHANGES IN EXCHANGE RATES, PRICE INCREASES AND AN EROSION OF THE COMPETITIVENESS OF THEIR INDUSTRIES." THE PRESS CONCLUDED THAT THE COMMUNIQUE WOULD NOT BE A GOOD DOCUMENT FOR EUROPEAN UNCLASSIFIED

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UNIONS TO USE WITH THEIR GOVERNMENTS TO ENCOURAGE POLICIES.

7. DOCUMENTATION AND REMARKS BY GOVERNMENT AND OTHER PARTICIPANTS IS BEING FORWARDED BY AIRGRAM FOR DISTRIBUTION TO ADDRESSEES BY THE DEPARTMENT.
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